

the payments to the State in 1907 reached 12,721,111 francs (\$2,455,000) which was more than twice the cost of administration (4,887,954 francs) and exceeded by about fifty per cent, the 8,300,000 francs distributed to shareholders.<sup>1</sup>

The collections from the excess of discount rates above three and a half per cent, were 7,002,541 francs (\$1,350,000) in 1907 and were probably larger than was anticipated when the law of 1900 was enacted. Discount rates had then been low for many years throughout Europe. For the entire period from 1851 to the close of 1900 the rate was at three per cent, or less during 10,623 days out of 18,262, and was only once (in 1873) as high as seven per cent.<sup>5</sup> But the scarcity of capital throughout the world during the opening decade of the twentieth century did not leave Belgium untouched. The rate of discount at Brussels was lower than elsewhere, except at Paris, and in 1904 was maintained uniformly at three per cent.; but was raised on October 30, 1905, to four per cent., and in 1906 was subjected to four changes. Even under this pressure the average rate for 1905 was only 3.18 per cent, and for 1906 3.84 per cent., the amount collected from the tax on the excess discount rate in the former year being only 471,269 francs. It became necessary, however, under the troublous conditions of 1907, to advance the rate on March 18th to five per cent. ; on November 2d to five and a half per cent. ; and six days later to six per cent, •carrying the average rate for 1907 to 4.95 per cent. Reductions of the rate were made early in 1908, until at the close of March it was at three and a half per cent.

As was pointed out by the censors, in their annual report for 1907, these high rates were necessary for the protection of the cash resources of the bank and could not be attributed in any way to selfish interest on the part of the directors, because of the provision attributing absolutely to the public Treasury the proceeds of discount above three and a half per

<sup>1</sup> Assemblée Générale des Actionnaires du 24. Février 1908. <sup>5</sup> Palgrave, 185.